

# **Blue Ribbon Commission on Transportation Investment Strategies Committee**

## **Final Meeting Summary**

*Approved August 9, 1999*

**July 14, 1999**

**Present:** Dale Stedman, Chair, Bill Lampson, Vice Chair, Don Briscoe, Peter Hurley, Bettie Ingham, Jennifer Joly, Representative Maryann Mitchell, Patricia Otley, Charles Mott

**Absent:** R. Ted Bottiger, Senator Mary Margaret Haugen, Arthur D. Jackson, Jr., John Kelly

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The Chair called the meeting to order at 8:40 a.m. He reviewed the minutes from the June 9 meeting and asked for any proposed revisions. Committee members wanted to clarify that the preliminary findings in the June meeting were the result of a brainstorming session and were not intended to be draft findings of the Committee's work to date. The Committee approved the minutes from the previous meeting with this revision.

### **Overview of Economic Development**

Daniel Malarkey, Committee staff, presented a brief overview of current issues related to economic development and freight mobility. A central issue relates to whether adding new transportation capacity to economically lagging areas will spur economic development, or if adding an economic development criterion to the project selection process will provide more benefits to the state. Economists usually argue that as long as transportation managers measure the costs and benefits of projects accurately, adding an economic development criterion may lower cost-benefit ratios relative to other projects and result in implementation of projects that have fewer net societal benefits.

### **Role of Freight Transportation in Economic Development**

Peter Beaulieu, Principal Transportation Planner for the Puget Sound Regional Council, presented a summary of past and future reforms related to freight, transportation, and economic development. Federal deregulation of transportation in the late 1970s and 1980s, combined with the passage of federal and local laws in the 1990s (e.g., ISTEA/TEA-21, Washington's Growth Management Act), has dramatically changed transportation, especially related to freight and shipment. During those years, a focus on multimodalism replaced a focus on freeways; policy decisions shifted towards states and regions; and a trend towards increasing globalization of business emerged.

Beaulieu observed that, though freight transport is mainly a private-sector enterprise at the current time, the public sector could play a role in improving the transportation system and thus contribute to the economic development of particular areas. Trends in justifying projects are towards managing the entire system more effectively, rather than focusing narrowly on a single link.

He cited recent federal studies showing that nationwide the percent increase in productivity for each percent increase in public investment is small. Researchers are finding that each additional improvement in transportation adds less and less to economic development (costs are increasing and the associated benefits are decreasing). Additional investments in infrastructure may not significantly increase economic growth when viewed from a statewide perspective.

Beaulieu noted that Washington plays a particularly important role in freight shipment. It contains the intersection of rail, marine, air, and highway routes converging from across the nation and around the world. Considering economic development in evaluating projects necessitates finding a way to avoid double-counting of benefits.

### **Freight Mobility**

Paul Chilcote from the Port of Tacoma described a number of factors driving the recent focus on freight. The Puget Sound ports have been dubbed the “Port of Chicago” because they provide a portal from Asia and the Pacific region to the central United States. The Seattle/Tacoma ports rank 12<sup>th</sup> in the world in terms of the number of containers transferred each year. Los Angeles is the only U.S. port with more activity than Puget Sound. Container trade through Seattle and Tacoma approximates in magnitude the entire North Atlantic trade between the United States and non-Mediterranean Western Europe.

Chilcote presented information showing that rapid changes in container and cargo shipment techniques since the 1970s have dramatically altered freight transport. Instead of crossing the Panama Canal, large carrier vessels now transport freight to the West Coast and ship double-stacked containers via railroads to the destination. Ports now need to provide large areas for unloading freight from massive ships and holding the freight until it can be loaded onto trains, which handle freight traffic in smaller increments than the huge ships. This system puts additional pressure on ports, as they depend on the efficiency of both the railroads and the shipping companies. Because the railroads are privately owned and have tracks that run nationwide, they have to decide where to invest in their infrastructure. A consortium of rail, freight, and local governments recently assembled a \$320 million package to address problems in the rail system in the Seattle/Tacoma area.

### **Priorities for Economic Development in Eastern Washington**

Jim Toomey, Executive Director of the Port of Pasco, emphasized the importance of trade to the entire state of Washington. Freight coming into Puget Sound creates a capacity for outbound products that can be exported relatively easily to Asia and other markets in the Pacific region. Because trains carry much of the traffic, mitigating the impacts of train traffic to local residents is also important.

Toomey thought that including an economic development criterion in project selection is a good idea. He argued that investing in economic development creates a larger tax base to fund transportation projects. Additionally, projects that focus on economic development provide non-seasonal, family-wage jobs and offer new opportunities for private investments in manufacturing, which is a driver of economic development. He pointed out that spending funds to reduce congestion in the Puget Sound region by adding transportation capacity will only create more congestion and seems like a waste of money to those living in Eastern Washington.

Toomey stated that an issue of particular importance to people in Eastern Washington is the potential drawdown of reservoirs behind dams on the Snake and Columbia Rivers. One grain barge is the equivalent of 35 railcars and 120 trucks. If drawdowns prevent barge traffic, the shipments will be placed on trucks, generating 120,000 trips in a period of four months during the hottest time of the year. These shipments alone will create a serious transportation problem in terms of traffic as well as additional road maintenance burdens.

Committee members asked the presenters about the future of freight in the Puget Sound region. Mergers in the railroad industry have created a situation where Seattle/Tacoma ports compete with Los Angeles for freight traffic. However, because all the freight lines in Washington converge in one area, we have an advantage over other ports. Business from Asia will continue to be strong, as markets in China, Japan, and Singapore continue to grow.

### **Presentation by Transit Providers**

Rick Walsh from King County Metro Transit and Jeff Hamm from Jefferson Transit discussed the potential for transit to address Washington's transportation problems. They argued that transit is the most sensible and cost-effective investment to help provide alternatives to congestion, maintain a healthy economy, support sensible growth management and land-use policies, and protect the environment. They reported that transit ridership consists of more than low-income workers: four out of five riders own a car and almost half earn \$55,000 or more.

The presenters stated that transit provides several valuable services to urban and rural areas. It expands the capacity of congested roads, provides access to basic services, benefits the economy by providing mobility, safeguards the environment, supports sensible growth, and improves our quality of life. A single bus can take 60 cars off the road, and one vanpool can take up to 15 cars off the road. Single-occupant vehicles can carry 2,000 people in a freeway lane each hour, but buses can carry 35,000 people in the same period.

The presenter provided data indicating transit in Washington enjoys public support. Demand for transit services is growing faster than agencies can keep pace with, experiencing 27% growth between 1992 and 1998. The 26 transit agencies are working together to improve transit services for riders. Express buses cross county lines, and new bus passes allow riders to use the same pass in different counties to provide integrated regional service.

Committee members asked about the changes in transit ridership over time. The presenters stated that 3% of all trips are made on transit; however, they also noted that only 3% of all trips in the Puget Sound region are made on Interstate 5. The transit providers believe that with the

proper investment, transit can rise to another level and potentially even double its ridership. However, it may take 18 months to two years to accomplish noticeable results.

Committee members also asked about the profitability of transit trips. Only 25% of the operating expenses are recovered through passenger fares, which leaves 75% paid through public subsidy for the remaining operating expenses (these figures do not include the capital costs). Transit providers reported that a general rule of thumb is that a 10% increase in fares will generally yield a 3% decrease in ridership.

Committee members urged the transit providers to consider policies that are outside the current framework of thinking. They asked the providers to provide more information on different policies, including what would happen if fares were reduced by 10%, or were free, or if taxis replaced paratransit. Members wanted to know what prevents people from riding transit, or what service improvements could increase ridership. They also asked providers to report on any efficiencies that could be made within the agencies to reduce the cost of providing services. Transit providers were encouraged to present their responses in the form of memoranda to the Committee.

The meeting adjourned at 12:00 p.m.